

# **POVERTY, INEQUALITY AND THE SOCIAL STRUCTURE**

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### I. Introduction

It is now almost a decade since poverty became an "issue" in the discussions on development in India both among academicians and planners. During this period there have been a number of studies on the nature, dimensions and incidence of poverty in the country; characteristics of the poor; problems of conceptualizing and measuring poverty; and strategies for solving the problem.<sup>1</sup> At the same time official thinking on development also seems to have come to the conclusion that the problem of poverty cannot be tackled indirectly via increases in aggregate rates of economic growth. The current thinking, as embodied in the Fifth Five Year Plan and the framework of the Sixth Plan, is based on the assumption that a direct assault on poverty has to be an independent objective (along with economic growth) of planned economic development in India. Thus, as we enter a new decade, we have on the one hand, much better evidence on the dimensions of the problem of poverty in India and, on the other, a greater commitment on the part of policy makers to the eradication of poverty as an objective of development policy than in the fifties or the sixties. The same, however, cannot be said of our understanding of the mechanisms that lead to the perpetuation of mass poverty in India. This paper tries to provide such an understanding by locating the causes of the problem within the framework of the dominant

socio-economic structure in the country. An obvious, though important, point that bears mention is that any policy designed to alleviate or eliminate the problem of poverty can only be successful to the extent it is based on a proper understanding of its underlying causes as well as the social structural forces that lead to its perpetuation over time.

## II. Poverty in India : Dimensions of the Problem

Before proceeding any further, it will be useful to have some idea of the dimensions of the problem of poverty in India in recent years. Table 1 provides a summary statement of estimates of rural poverty in India according to some major studies. It will be noticed that most of these estimates relate to the sixties possibly because the National Sample Survey data on which they are invariably based were available for the sixties when the studies were conducted. A word of explanation may also be given about the emphasis on rural poverty in India which one finds in the literature. While it cannot be denied that the problem of poverty also exists in the urban areas, perhaps in a more accentuated form, it nevertheless has to be borne in mind that in a predominantly rural society like India, urban poverty is, indeed, a spill-over of rural poverty.

Coming back to rural poverty in India during the sixties we find from Table 1 considerable variations among the different estimates in regard to the percentage of population below the poverty level as well as in trends in the incidence of



Table 1

## Estimates of Rural Poverty in India

	Poverty norm Rs. per year at 1960-61 prices	Period	Percentage of rural population below pover- ty level
AHLUWALIA	180	1956-57	53.5
		1960-61	38.4
		1965-66	54.7
		1967-68	56.5
		1970-71	47.5
		1973-74	46.1
BARDHAN	180	1960-61	38.0
		1964-65	45.0
		1967-68	53.0
		1968-69	54.0
DANDEKAR AND RATH	180	1961-62	40.0
MINHAS	200	1956-57	52.7
		1957-58	50.2
		1960-61	46.0
		1964-65	39.3
		1967-68	37.1
OJHA	2250 Calories per capita per day	1960-61	52.0
		1967-68	70.0
VAIDYANATHAN	240 (NSS Data)	1960-61	59.5
		1964-65	60.4
		1967-68	67.8
	(Official Data)	1960-61	58.8
		1964-65	56.9
		1967-68	57.8

Source : S.A.R. Sastry, "A Survey of Literature on Poverty, Income Distribution and Development", Artha Vijnana, (XXII : 1, March 1980), Table III, p.86.

poverty. Thus the estimates of rural population below the poverty level in 1960-61 vary from about 38 per cent (Ahluwalia and Bardhan) to almost 60 per cent (Vaidyanathan using NSS data). The estimates of Dandekar and Rath (40 per cent in 1961-62), Minhas (46 per cent), and Ojha (52 per cent) fall in-between these figures. Similarly while Minhas reports a decline in the percentage of the rural population below the poverty level during the sixties, Bardhan, Ojha and Vaidyanathan report a substantial increase. Ahluwalia also finds an increase during the sixties, but a decline in the seventies. Undoubtedly, the evidence that we have is contradictory and far from complete. Further, there are a number of unresolved problems in the measurement of poverty. Nevertheless, such information as we do have shows that during the sixties about 40-50 per cent of the rural population in India was below the poverty level (however defined). There is also strong evidence to suggest that this proportion has, at best, remained stable during the subsequent period. As Pramit Chandhuri<sup>2</sup> points out:

Where all the data we have, however unsatisfactory, point steadily in the direction of increasing poverty and there is no evidence to point in the opposite direction, it will be neither too rash nor too soon to draw the conclusion that economic development and economic planning have largely by-passed the people who were supposed to be their chief beneficiaries.

Two additional facts need to be mentioned in order to get an idea of the dimensions of the problem. First when we refer to about 40-50 per cent of the rural population living below the poverty level, we are in effect talking about roughly

200 million people-give or take a few million. By any account this is a staggering figure. Second, the poverty level that we are referring to is a bare subsistence level. The notion of poverty which it refers to is absolute poverty and not relative poverty.

At the same time we must not lose sight of the fact that the analyses of poverty in India generally proceed on the assumption that the absolute and relative concepts of poverty cannot really be separated from each other. Hence the analysis of poverty involves a discussion of inequality. The implication here is that absolute poverty is related to relative deprivation. In fact one may go so far as to claim that it is a special manifestation of inequalities in society. From this point of view poverty in India would not be any different from poverty in, say, the United States at least as far as its underlying mechanisms are concerned. The two may differ in their extent or intensity of deprivation. A discussion of absolute poverty would, therefore, have to take into account the level of inequality in the society and the role of inequality in maintaining the poor in a state of deprivation.

### Inequality

The data on income distribution in India are rather sparse and not very reliable. There is, in particular, no single time-series covering the post-independence period. We do have a number of different estimates of income distri-

bution for various years. Unfortunately they are not strictly comparable because of differences in coverage, sources of data and estimation procedures. Table 2 below gives some idea of patterns of income distribution in the rural and urban areas between 1953-57 and 1967-68. The data are drawn from a World Bank compilation. Since this compilation has drawn on a variety of sources, it suffers from the same defects noted above.

Table 2 shows great fluctuations in household income distribution between 1953-57 and 1967-68. There was a sharp increase in income inequality in both the rural and urban areas between 1953-57 and 1960, as is apparent from changes in the Gini coefficient of household income distribution : increasing from 0.31 to 0.40 for the rural areas; from 0.42 to 0.53 for the urban areas; and from 0.34 to 0.47 for the country as a whole. The increase in inequality was largely due to a sharp decline in the share in total income of the poorest 40 per cent of the households, and a corresponding increase in the share of the richest 20 per cent. The share of the middle 40 per cent remained more or less stable.

Between 1960 and 1964-65, there was a decline in household income inequality in both the rural and urban areas, but the magnitude of the decline was greater in the rural areas as compared to the urban areas. Thus the Gini coefficient in 1964-65 declined to 0.37 for the rural areas, 0.48 for the urban areas, and 0.42 for the country as a whole.



Table 2

Distribution of Household Income : 1953-57 to 1967-68  
Percentage of Total Income

Percentage of Households	1953-57			1960			1964-65			1967-68		
	R	U	AI	R	U	AI	R	U	AI	R	U	AI
0 - 10	4.0	2.0	3.1	0.8	1.3	1.1	2.9	2.3	2.7	1.9	2.0	1.8
10 - 20	5.1	4.5	4.8	3.1	2.7	3.0	4.6	3.3	4.0	2.8	3.2	2.9
20 - 30	6.0	5.3	5.7	4.4	3.5	4.2	5.5	4.1	4.9	3.7	4.2	3.7
30 - 40	6.7	5.9	6.6	5.5	4.5	5.3	6.3	4.9	5.6	4.6	5.0	4.7
40 - 50	7.6	6.7	7.5	6.8	5.4	6.4	7.2	5.8	6.6	5.8	6.1	5.8
50 - 60	8.7	7.5	8.6	8.1	6.7	7.7	8.2	6.9	7.7	7.2	7.3	7.2
60 - 70	9.9	8.5	9.8	9.8	8.3	9.2	9.5	8.4	8.9	9.1	8.9	9.0
70 - 80	11.6	9.8	11.5	11.9	10.5	11.4	11.2	10.5	10.7	11.8	11.2	11.8
80 - 90	14.4	11.8	14.2	15.5	14.2	15.0	13.8	13.9	14.7	16.6	15.0	16.4
90 -100	17.0	29.8	19.2	23.8	33.0	26.7	21.9	30.4	26.3	24.6	26.8	25.0
Gini Coeff.	0.31	0.42	0.34	0.45	0.53	0.47	0.37	0.48	0.42	0.48	0.46	0.48

Notes : R refers to Rural; U to Urban; and AI to All India

Source: Shail Jain, Size Distribution of Income : A Compilation of Data,  
(Washington, D.C., The World Bank, 1975).



Again the decline in inequality was mainly due to an increase in the income share of the poorest 40 per cent of the households, and a decrease in that of the richest 20 per cent.

Between 1964-65 and 1967-68, however, rural inequality increased substantially, while urban inequality declined marginally. The Gini coefficients of household income distribution in the rural areas, urban areas, and the country as a whole were 0.48, 0.46 and 0.42 respectively in 1967-68. Once again, the major reason for the increase in rural inequality was the decline in the share of income accruing to the poorest 40 per cent of the households and an increase in the share of the top 20 per cent.

Though there were fluctuations in the pattern of income distribution at different time-periods, yet, overall there was a general increase in income inequality in both the rural and urban areas between 1953-57 and 1967-68.

From this brief review of the pattern of income distribution in India, it may be concluded that income inequalities have, at best, remained stable during much of the post-independence period; though there is some evidence to suggest that they have widened over the years. To the extent the persistence of poverty is a manifestation of inequality in the society, it is therefore to be expected that economic growth and development during this period has had little impact on the incidence of poverty in the country. Thus even though aggregate incomes have been increasing, the share of

the bottom 40 per cent of the population, who can be identified as the poor, has not been increasing proportionately so as to push them above the poverty level. At the same time the top 20 per cent of the population has generally experienced rising incomes.

In view of the widespread and endemic character of poverty in rural India, it is relevant to ask what are the factors responsible for its emergence in the first place and its perpetuation in recent years. Here it is necessary to first analyse some of the usual explanations of poverty in countries like India, the shortcomings of these explanations and then move on to a reconceptualisation of the problem in terms of alternate frames of reference.

### III. Dominant Explanations of Poverty

Among the various explanations given in the past for the persistence of poverty in certain countries and certain groups, I have selected two for special discussion mainly because they have exercised, and still exercise, considerable influence in the academic discourse on the subject. These are the vicious circle of poverty thesis and the over population thesis. Each of these I have examined below.

#### 1. Vicious Circle of Poverty

One of the persistent themes in the post-World War II literature on development studies is that the poverty of certain countries (defined variously as backward, underdeveloped,

developing and less developed) is due to the low level of production which in turn is a product of the low real incomes, low savings and investment, and the general deficiency of the capital stock.<sup>3</sup> Hence the poverty of the people, reflected in depressed levels of living, is a manifestation of this basic feature of their economic life. This situation has generally been referred to as a low level equilibrium trap or the vicious circle of poverty. Poverty, according to this formulation, is the result of a circular causation process in which the various manifestations of underdevelopment reinforce each other to maintain the economic processes at a low level.

Given this formulation, the only way to eradicate poverty and bring about the development of these countries would be to break this vicious circle by large doses of productive investment and increasing productivity, thereby setting in motion a reverse cumulative process of increasing incomes, larger savings and investment, higher levels of capital formation and increased productivity. Since the capacity of a backward economy to do this out of its internal resources is extremely limited, hence it is argued that a necessary precondition for breaking out of the vicious circle is capital investment from abroad or foreign aid. The notion of the vicious circle of poverty was put forward in the fifties and for a time it occupied the centre of the stage in development thinking. Some of its major assumptions have however come in for criticism subsequently. For instance, it has been argued that it fails to account for the developmental

success of some countries which did not go in for heavy doses of foreign capital or aid, or for the continued underdevelopment and persistence of poverty in many other countries which have followed the prescribed path.

An attempt to take care of these anomalies in the vicious circle thesis has been made by Myrdal through the enunciation of the "backwash" effect.<sup>4</sup> While adhering to the notion of the circular causation process, he tries to relate the poverty and underdevelopment of some countries to the wealth and development of others. According to him development in certain parts has the effect of impoverishing other parts of the world so that the "spread effects" of development do not operate in the manner they were presumed to operate. Further, international trade far from evening out the benefits of the development process among trading partners in effect leads to further intensification of existing inequalities. Thus Myrdal's concept of backwash includes the pattern and structure of international inequalities in the process of circular causation of poverty. The same process also operates within a nation as well leading to regional inequalities.

Myrdal's attempt to relate poverty in some countries (or regions within countries) to affluence in others is quite persuasive. However, the use of a circular causative process to explain this phenomenon is not very convincing. For one, there appears to be too much of a reliance on the market mechanism to establish the cumulatively circular character of the process. The fact that the market may itself be distorted



and part of the cause of poverty (as it is in most of the underdeveloped countries) and therefore a feature of underdevelopment is not taken into account. Thus Myrdal can argue that the intervention by the state in the free operation of market forces can counteract the tendency to widening inequalities within a country. However, the state may itself be implicated in the maintenance of inequalities because instead of being a neutral agency, as is generally presumed, it may be controlled by certain classes and interests which may benefit from unequal development. Thus the most serious shortcoming of Myrdal's explanation is that it fails to take into account the social-structural forces that perpetuate inequality and poverty at the national and international levels.

## 2. Population and Poverty

There is another explanation for the persistence of poverty in the underdeveloped countries which has been quite fashionable among certain groups of Western scholars and international development agencies for quite some time now. It has also had considerable support among academics and policy makers in India. This explanation tries to relate poverty to population growth and argues that high rates of population growth have nullified some of the positive effects of economic growth.<sup>5</sup> For instance, in the case of India it is argued that with the existing size of population (over 200 million) and the high rate of population growth (over 2 per cent per year) present patterns of economic growth are not likely to improve the living conditions of the people in the



near, or even distant, future. Hence, a massive programme of population control is considered a necessary part of any strategy for the elimination of poverty. In accordance with this reasoning, family planning and population control have been officially accepted as essential ingredients of development policy in India since the early fifties.

The neo-Mathusianism underlying this thinking has become quite-fashionable in recent years. Some extreme versions of it have taken the form of the life boat<sup>6</sup> and triage<sup>7</sup> ethics which essentially justify the abandonment of the poor to their fate on the ground that the world is already too crowded and any attempt to save the poor will imperil the chances of survival for the rest. While the analogy of an over-crowded lifeboat may be particularly appealing to the elite desirous of protecting their privileges in an increasingly anachronistic world, it is essentially a false one. There is no theoretical or empirical justification for the view that population growth per se is responsible for poverty. On the contrary the population problem itself may be a manifestation of poverty.<sup>8</sup>

If the purpose of the neo-Mathusian theories is to argue that population growth rates reduce per capita incomes, then we can have no quarrel with this argument as it is an arithmetical truism; but it should not be interpreted as a causal relation between population growth and poverty. In fact the relation between population growth and poverty is far more complex than such simplistic one-way causal models

assume. Thus the advice being currently given to Third World countries by developed countries and international agencies like the World Bank to reduce population growth in order to solve the problem of poverty would appear to be misplaced. It may be more appropriate to argue that if the problem of mass poverty is solved, then the population control programmes are also likely to show better results.

As Mahbub Ul Haq<sup>9</sup> points out:

... the solution to the population problem does not lie in new technology (time-releasing contraceptive capsules implanted in the skin), or in new ways of technological dissemination (cash awards to those who present themselves as "adopters"), or in making the Third World leaders aware of the consequences of population growth (the Bucharest conference). The solution is much less dramatic but considerably more resource-intensive. It is only by solving the problem of economic and social deprivation that the countries of the Third World can expect to reduce their population growth.

By presenting the problem in this way I do not wish to minimise the seriousness of the population problem in countries like India. Rather I wish to argue that the relation between poverty and population growth needs to be seen in a perspective different from that of the dominant theoretical tradition.

#### IV. Poverty and the Social Structure

The thrust of the argument presented so far is that the persistence of poverty in India cannot be explained solely in terms of either poor economic growth or high population growth rates, or a combination of the two. Such explanation are too simplistic. They are also necessarily ahistorical

as they do not take into account the historical forces which have brought about the present poverty and underdevelopment. Further, such explanations are also inadequate as they fail to take note of the constraints imposed by social-structural forces at the national and international levels which in the ultimate analysis influence the distribution of the benefits of economic growth and development and also lead to the persistence of poverty.

The alternate perspective which I am proposing is based on the assumption that poverty and underdevelopment cannot be understood except in the context of the social, political and economic structures and relations in which they are rooted. These structures and relations in most of the presently underdeveloped societies, including India, have been shaped by their colonial past. Thus the historical perspective is essential for the understanding of their present situation. Further, to the extent the social, political and economic structures and relations characteristic of imperialism persist today their impact on poverty and underdevelopment has also to be taken into account.<sup>10</sup>

The persistence of poverty in India during the last three decades should therefore be seen in the context of the social and class structure and relations in which economic growth and development has taken place. The social and class structure of contemporary India represents, in an important sense, the legacy of British colonialism. The class structure

during the British period was highly unequal and dominated by a small section of the society-mainly the foreign elite and their Indian collaborators as the following table shows.

Table 3

Class Structure and Income Distribution at the  
End of British Rule

<u>Percentage of Labour Force</u>		<u>Percentage of National Income</u>
18	NON VILLAGE ECONOMY	44
0.06	British officials and military, British capitalist, plantation owners, traders, bankers, managers	5
0.94	Native Princes, big Zamindars and Jagirdars	3
	Indian capitalists, merchants and managers	3
	The new Indian professional classes	2
17	Petty traders, small entrepre- neurs, traditional professions, clerical and manual workers in government, soldiers, railway workers, industrial workers, urban artisans, servants, sweepers and scavengers	30
75	VILLAGE ECONOMY	54
9	Village renters, rural money lenders, small Zamindars, tenants-in-chief	20
20	Working proprietors, protected tenants	18
29	Tenants-at-will, share croppers, village artisans, servants	12
17	Landless labourers, Scavengers	4
7	TRIBAL ECONOMY	2

Source : Angus Maddison (1971), Class Structure and  
Economic Growth, Table III-4, p. 69.



As the table shows, the British elite constituted a tiny part of the total labour force (0.06 percent) but it appropriated 5 per cent of the national income. Another 9 per cent or so went to the Indian upper classes who constituted about 1 per cent of the total labour force. At the other extreme landless labourers, tenants, sharecroppers, village artisans etc. who constituted about 46 per cent of the labour force had to be satisfied with 16 per cent of national income. The British rulers maintained this social structure to serve their interests of using the Indian economy for generation of surplus for their own use, and it seems to have served their purpose rather well. In order to maintain their economic and political domination over India they needed the support of certain important and powerful segments of the local society. Since most of the Indian elite were their own creation and looked upto the British rulers for the protection of their privileges, it was not difficult for them to enlist the support of this section. In return they were given a disproportionately large share in the economic product. In this fashion the Indian upper classes were able to maintain a style of life totally at variance with the poverty of the mass of the Indian population.

Since independence only minor changes have taken place in the social structure inherited from the British. The few changes that have taken place have been restricted to the top levels of the social hierarchy and reflect, partly, the exigencies of the nationalist movement and partly, the rise



to power of an indigenous elite of bureaucrats, industrialists and large capitalist farmers. The political power and instrumentality of the state have been used by these groups to protect and further their own interests and power to the detriment of the interests of the poor masses.

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The nationalist movement in India was spearheaded by a moderate group of professionals and the indigenous educated elite under the aegis of the Indian National Congress. In course of time the movement came to be supported by the emerging capitalist class in India as this class realised that its interest would be best served by the Congress which was in favour of promoting Indian industry as against the British. After the First World War, and the emergence of Gandhi as the leader of the national movement, the Congress acquired the character of a mass movement gaining support among urban middle and lower classes and many segments of rural society. Yet, the dominant elite of professionals, administrators, Indian entrepreneurs and educated classes retained firm control over its organisation and ideology. The attainment of independence, therefore, did not involve a social upheaval in India, but simply the transfer of power from the hands of British colonial rulers to that of the dominant Indian classes. The only classes that suffered a decline in power as a result of independence were the native princes and zamindars, both of which had remained ardent supporters of the British Raj till the end.<sup>11</sup>

After independence the power of the foreign elite was considerably reduced, although British (and later other foreign) capital has continued to play an important role in the Indian economy.<sup>12</sup> The status and power of the native princes and large landlords was also similarly reduced mainly due to the integration of the princely states in the Indian Union and the abolition of Zamindari and other intermediary tenures. However, the generous compensation<sup>13</sup> given to these people for the loss of their estates has enabled them to assimilate into new roles as capitalists, professionals and rich peasants. Economically most of them, except perhaps the smallest Zamindars and Princes, continue to be among the rich.

The pattern of economic growth followed by India since independence has provided maximum gains to the business and educated elite. It has given them new sources of economic, political and social power in the expanding fields of industry, trade and commerce, armed forces and the various professions. Since the Second Five Year Plan in particular, great emphasis has been laid on industrialisation with special emphasis on basic and heavy industries. While investment in industry and industrial production has gone up, its impact on providing employment to the large pool of surplus labour has been minimal as the following tables show.

Table 4

## Pattern of Employment in the Organised Sector

	1951	1955	1960	1965
Total employment in factories and mines (millions)	3.45	3.69	4.45	5.39
Investment in the organised sector including power and mining (Rs. m at current prices)		5470	20300	36320
Employment-Investment Ratio in the factory sector and mines (Rs. per additional job)		1:22792	1:26710	1:38638

Table 5

## Compound Growth Rates (% per year) of Factory Employment and Industrial Production : 1951 to 1968

	Factory Employment	Industrial Production
First Five Year Plan	1.7*	7.4*
Second Five Year Plan	3.9	6.6
Third Five Year Plan	4.7	9.0
1951-1968	2.9	6.5

Note : \*1951 base year.

Source : Brian Davey : The Economic Development of India (1974), p. 157.



As can be seen from the table the trend growth of factory employment during the sixties has been rather slow and is much slower than the rate of growth in industrial production. Further, as the following table makes clear, technical and professional employment has increased much faster than other types of employment, especially the skilled and unskilled categories.

Table 6

Percentage Distribution of Different Types of Employees in the Manufacturing Sector : 1961 and 1967

Types of Employees	% to total employment	
	1961	1967
Technical and Professional	1.9	2.9
Clerical and related	6.3	6.7
Administrative and Managerial	1.0	1.0
Skilled	63.7	60.0
Unskilled (including office workers like peons)	25.8	23.1

Source : Ibid, p. 158.

"In absolute terms the number of skilled workers declined from 13.5 lakhs in 1961 to 13.4 lakhs in 1967. The numbers of unskilled workers increased only marginally from 14.5 lakhs to 14.6 lakhs".<sup>14</sup>

Apart from benefiting directly from the growth pattern during the last three decades, this group has also been to exercise decisive influence on the course of economic policies pursued by the country at crucial periods.<sup>15</sup> It has been particularly active in trying to dilute the socialist and redistributive aspects of economic planning. Its success has been greatest whenever the ruling party at the Centre has been either weak or divided or when the country has faced economic problems at home or in relation to outside forces. The attack on "socialist" policies had, indeed, surfaced during the early sixties especially in the aftermath of the Sino-Indian border conflict; but the predominant influence of Nehru in economic planning helped to prevent any significant departure from past policies and approach to planning. With the death of Nehru, however, internal and external criticism of the country's economic policies combined to bring about a re-orientation of the basic approach to development. Emphasis now came to be shifted to private investment in industry and agriculture to the detriment of the social objectives of reduced disparities, land reforms and social transformation.

Referring to the reversal of economic policies after the death of Nehru, Frankel<sup>16</sup> points out:

During the brief twenty months of Shastri's tenure, a series of undramatic initiatives in economic policy that went virtually unnoticed at the time cumulatively altered the entire approach to India's development strategy. Among the results of the decisions taken during this period were the eclipse of the Planning Commission as a policy-making body; a shift from controls to incentives as major instruments of develop-



ment planning; a reorientation of public investment from basic industries to agriculture; a new agricultural strategy to concentrate modern inputs in irrigated areas of the country; and an enlarged role for private domestic and foreign investment in the development of the industrial sector. In sum, in less than two years, the key pillars of Nehru's strategy of self-reliant growth and social transformation through expansion of basic and heavy industries in the public sector, and land reforms and cooperative reorganization in agriculture, were virtually overturned.

Another group which has made considerable gains in recent years is the rich peasants and large land owners. It is by now well known that land ownership in rural India is highly unequal and that land reform laws have not materially changed the situation mainly due to tardy implementation.<sup>17</sup> Table 7 below compares the distribution of land ownership in 1961 and 1970-71. As is evident from the Gini coefficient the overall inequality in the distribution of land ownership increased during the ten-year period. The large land owners and the rich peasants (defined as people owning more than five hectares) appear to have consolidated their position. The proportion of total land area owned by this group increased slightly from 10.4 percent to 11.4 percent. The smallest land-owning groups (those owning less than one hectare) also made some gains as their share of land went up from 6.8 percent in 1961 to 9.0 percent in 1970-71, although the proportion of holdings in this category also increased markedly from 39.8 percent to 50.6 percent during the period. The proportion of holdings and area in the one to five hectare category declined from about 50 to 38 percent and from 46.6 to 37.7 percent respectively.

Table 7

Distribution of Land Ownership by Size of Holdings:  
1961 to 1970-71

Size of holdings (hectares)	1961		1970-71	
	Percent of hold- ings	Percent of area	Percent of hold- ings	Percent of area
0 - 1	39.8	6.8	50.6	9.0
1 - 2	22.4	12.3	19.1	11.9
2 - 3	12.4	11.3	9.5	10.1
3 - 5	15.0	23.0	9.4	15.7
5 - 10	5.9	16.8	7.5	22.4
Over 10	4.5	29.8	3.9	30.9
Gini Coeff.		0.59		0.63

Source : Asian Development Bank, Asian Agricultural Survey,  
1976.

The non-implementation of land reform laws has implied the continued domination of the rich peasants and large land-owners in the rural social structure. While in the fifties and early sixties the planners in India, under the influence of Nehru, had envisaged a basic change in rural society and economy through progressive land reforms and the organisation of agriculture on a cooperative basis,<sup>18</sup> the actual change has been in the opposite direction. Instead of a reduction in rural disparities there has been an increase, at least as far as land ownership is concerned. In the background of the inequalitarian pattern of land-ownership it is hardly surprising that the gains in agricultural productivity

arising out of the "green revolution" in the mid-sixties have also flowed largely to the dominant landed sections of rural society. They alone have the capacity and resources to take full advantage of the new technology, even though the technology itself may be "scale-neutral". As a number of studies have shown, the "green revolution" has tended to exacerbate existing rural inequalities.<sup>19</sup>

The rural elite of large land owners and rich peasants have been able to consolidate their position because they also dominate political and economic institutions like the Panchayats and Cooperatives at the local level.<sup>20</sup> Even at the State level they are able to exercise great political influence. This influence has proved extremely beneficial to them as the States have power over things of crucial importance to this section - e.g. land reform legislation and agricultural income tax. The failure of land reforms in India is largely a reflection of the political influence and power of the rural landed elite.

While it is true that a small elite has continued to dominate the social, political and economic structure in India since independence, it would be simplistic to argue as Maddison has done that India has been governed by a "Coalition consisting of the bureaucratic - military establishment which implements policy, the big business groups which backed Congress financially, the rank and file politicians who mainly represent the rural squirearchy and richer peasants, and the



intellectuals who articulated policy."<sup>21</sup> The notion of a coalition among the dominant classes fails to make note of the conflict of interests among them which has characterised Indian politics since 1947.<sup>22</sup> The situation is closer to the description of Davey:<sup>23</sup>

The state is not itself autonomous from the society that it is supposed to intervene in to change. Rather the Indian state reflects a particular correlation of the ruling social forces. In this correlation the bourgeoisie does not exercise a complete hegemony and its relative weakness in society is reflected in its position in the state which mediates between the contending interests of the various ruling groups. The state follows up the interests of none of the groups too forcefully if this runs up against the interests of any other group. Accordingly, it is unproductive to call, for example, for radical land reform legislation because the legislative assemblies responsible tend to be dominated by landlords.

The incompatibility of interests among certain sections of the dominant elite is reflected in the approach to development which India has adopted. Instead of a purely capitalist strategy of economic growth which India might have adopted had there been an identity of interests among the dominant classes, the Five Year Plans have favoured a mixed economy with emphasis on the public sector for basic and heavy industries; the retention of a large and growing private sector, though operating under government control; an ambivalent attitude towards foreign investments; and a failure to implement land reform legislation after the initial round of Zamindari abolition laws.



The fact that there is a big gap between the rhetoric of the "socialist pattern of society" and the actual spread of state and private capitalism in India is not an example of the "soft state" as Myrdal believes,<sup>24</sup> but actually a reflection of the conflict of interests among the dominant classes. Thus while the foreign capitalists, the indigeneous business classes and the rich peasants have favoured economic growth along capitalist lines, certain other segments of the dominant class especially the traditional elite, a segment of the educated elite, much of the petty bourgeoisie and the proletariat have stood opposed to a strategy that would benefit primarily the wealthy capitalist class; and these classes had sufficient power to prevent such a policy from being adopted. Despite this conflict of interest on the strategy of economic growth, the dominant classes in India do share a common interest in minimising the impact of any redistributive policy. Because the poor people, especially the agricultural labourers and the lumpenproletariat, have no effective source of power or organisation with which to press their claim for a better distribution of the economic product, the socialist and redistributive rhetoric of the Five Year Plans has remained largely unfulfilled and poverty has continued unabated.<sup>25</sup>

#### V. Conclusion

The persistence of poverty in India during the last three decades can only be understood in the context of the nature of the social and class structure that has emerged in

the country. As argued above, explanations of this phenomenon in terms of poor aggregate economic performance, vicious circle of poverty or high population growth can be, at best, only a partial explanation. They fail to take note of the constraints imposed by social-structural forces on redistributive and poverty eradication policies.

The social structure and distribution of power in independent India is hierarchical and highly unequal. A small section of the society, constituting no more than 10 to 15 per cent of the population dominates the economic, social and political life in the country and the impoverished masses have virtually no say. It is no wonder that most of the benefits of economic development have been cornered by the top layers of the social hierarchy with very little "trickling down", leading to the persistence of poverty in the midst of growth. Given this situation one may very well argue that even if economic growth rates were to be dramatically stepped up and population growth drastically reduced there is little likelihood of the problem of poverty being solved within a reasonable time-period. The explanation for poverty, and therefore its solution, lies elsewhere. Without a radical shift in the distribution of power in Indian society and the assertion by the poor for a due share of the economic product, it is highly unlikely that the scourge of poverty can be eradicated.

The crucial question here is how can such a shift be brought about. It is well to talk of a social revolution, but we must also realistically accept that it is not on the agenda of any major socio-political group in the country at the moment. Hence the best one can expect in the present situation is the organisation and emergence of the poor and propertyless classes (especially the landless labourers, small and marginal farmers, the lumpenproletariat and may be the proletariat) as a sort of countervailing force. They could then exert pressure on the political system to implement redistributive policies and the socialist rhetoric enshrined in the five year plans and the directive principles of state policy, thereby challenging the dominant classes in their own game. Otherwise poverty will be with us for a long time to come.

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## Notes

1. The various studies of poverty in India in recent years include the following : V.M. Dandekar and Nilkanth Rath, Poverty in India, Indian School of Political Economy (1971); B.S. Minhas, "Rural Poverty, Land Distribution and Development Strategy : Facts and Policy", Indian Economic Review, Vol. 5, New Series (1970); Pranab K. Bardhan, "On the Incidence of Poverty in Rural India in the Sixties", Economic and Political Weekly, Vol. 8, Nos. 4-6 (Annual Number, February 1973); P.D. Ojha, "A Configuration of Indian Poverty : Inequality and Levels of Living", Reserve Bank of India Bulletin, (January 1970); A Vaidyanathan, "Some Aspects of Inequalities in Living Standards in Rural India", in T.N. Srinivasan and P.K. Bardhan (Eds.), Poverty and Income Distribution in India (Calcutta : Statistical Publishing Society, 1974); I.Z. Bhatti, "Inequality and Poverty in Rural India", in Ibid; Montek. S. Ahluwalia, "Rural Poverty and Agricultural Performance in India", Journal of Development Studies (1977). For good reviews of the literature on poverty in India see : Dharma Kumar, "Changes in Income Distribution and Poverty in India : A Review of the Literature", World Development, Vol. 2, No. 1 (January 1974); and S.A.R. Sastry, "A Survey of Literature on Poverty, Income Distribution and Development", Artha Vijnana, Vol. 22, No.1 (March 1980).
2. Pramit Chandhuri, The Indian Economy : Poverty and Development (New Delhi : Vikas, 1978), p. 212.
3. The notion of the vicious circle of poverty was given much currency by the late Professor Nurkse in one of the earliest books on underdeveloped countries. See, Ragnar Nurkse, Problems of Capital Formation in Underdeveloped Countries (London : Oxford University Press, 1953).
4. Gunnar Myrdal, Economic Theory and Underdeveloped Regions (London : Methuen University Paperbacks, 1963).
5. On the population problem see Paul Ehrlich, The Population Bomb (New York : Bullantine, 1968) for the view that the population explosion poses a major threat to the poor countries as well as to the very stability of the world system. For a contrary view see Jaganath Pathy, "Population and Development", Economic and Political Weekly (July 24, 1976).



6. For the life-boat ethic see Garrett Hardin "The Case Against Helping the Poor", Psychology Today (September, 1974).
7. The concept of the "triage" has been used by William and Paul Paddock in Famine 1975 : (Boston : Little, Brown and Co., 1967).
8. Such a view has been put forward by Mahmud Mamdani in The Myth of Population Control (New York : Monthly Review Press, 1972); and in "The Ideology of Population Control", Economic and Political Weekly, Vol. 11, Nos. 31-33 (August 1976).
9. Mahbul ul Haq, The Poverty Curtain : Choices Before the Third World (New York : Columbia University Press, 1976), pp. 135-136.
10. This perspective is influenced by the writings of the Latin American dependencia theorists, especially Andre Gunder Frank, Theotonio Dos Santos, Celso Furtado and Fernando Henrique Cardoso; and of the European Peace Research theorists like Johan Galtung, Helge Hveem and Dieter Senghaas.
11. On the Social background of Indian nationalism see, A.R. Desai, Social Background of Indian Nationalism (Bombay : Popular Prakashan, 4th ed. 1966); and Francine R. Frankel, India's Political Economy, 1947-1977 : The Gradual Revolution (Delhi : Oxford University Press, 1978), Chapter 2.
12. On the role of foreign capital in India see : Michael Kidron, Foreign Investments in India (London : Oxford University Press, 1965); Prabhat Patnaik, "Imperialism and the Growth of Indian Capitalism", in Sutcliffe and Owen (eds.), Studies in the Theory of Imperialism (London : Longmans, 1972); N.K. Chandra, "Western Imperialism and India Today", Economic and Political Weekly, Vol. 8, Nos. 4-7 (Annual Number, February 1973 and February 17, 1973); Thomas E. Weisskopf, "Dependence and Imperialism in India", Review of Radical Political Economics, Vol. 5, No.1 (Spring 1973) and B.K. Joshi, Poverty, Inequality and Dependence (forthcoming).
13. The Princes retained an income of Rs.5 crores a year free of income tax as privy purses in addition to other perquisites and privileges, while the Zamindars were compensated to the tune of about Rs.660 crores. See Brian Davey, The Economic Development of India (Nottingham : Spokesman Books, 1975), p. 166.

- 14 Ibid, p. 158.
- 15 See Francine Frankel op. cit., especially chapter 6 and 7 for details of how domestic and foreign pressures were able to influence crucial aspects of economic policy.
- 16 Ibid, pp. 246-247.
- 17 For a comprehensive analysis of land reforms in India see, P.C. Joshi, "Land Reforms in India and Pakistan", Economic and Political Weekly (Review of Agriculture, December 1970).
- 18 See Frankel op. cit., especially pages 100-101, 118-119 and 165-168.
- 19 On the green revolution see : Keith Griffin, The Political Economy of Agrarian Change : An Essay on the Green Revolution (Cambridge, Mass : Harvard University Press, 1974); Francine R. Frankel, India's Green Revolution : Economic Gains and Political Costs (Princeton, N. J. : Princeton University Press, 1971); T.J. Byres "The Dialectic of India's Green Revolution", South Asian Review, Vol. 5, No.2 (January 1972); and Pranab Bardhan, "The Green Revolution and Agricultural Labourers", Economic and Political Weekly (July 1970).
- 20 For instance Thorner, in a study of 117 cooperative credit societies scattered throughout India, found that they were generally dominated by the rural rich who also provided members to the State legislative assemblies. "The people in power in the capitals of the various states are pretty much the same people in the seats of power in the villages, only occupying larger chairs". Quoted by Brian Davey, The Economic Development of India, pp. 122-123. Similarly, V.K.R.V. Rao also reports the dominance of the landed interests and dominant castes in the power structure in Tumkur district in Karnataka. "Of the 172 Chairmen (of Panchayats), 76 are Vokkaliga, 56 Lingayats and 14 are pastorals. Only 9 belong to SC/ST classes, even though their representation on the Panchayat committee is much higher. The artisan classes are conspicuous by their not having a single Chairman from their category. Similarly, of the 172 Chairmen, the marginal and small farmers have only 29 Chairmen from their number, while the medium farmers account for 109 Chairmen and the big farmers for 33". (V.K.R.V. Rao, "Discussion Paper for Key-Note Seminar on Issues and Problems of Development of Tumkur", Mimeographed, Institute for Social and Economic Change, Bangalore (1978). Frankel also makes the same point citing data from Rajasthan (see India's Political Economy, pp. 199-200, especially footnote 90).

- 21 Angus Maddison, Class Structure and Economic Growth : India and Pakistan Since the Moghuls (London : George Allen and Unwin, 1971), p. 89.
- 22 Thomas E. Weisskopf, "The Persistence of Poverty in India : A Political Economic Analysis", Bulletin of Concerned Asian Scholars, Vol. 9, No.1 (January-March 1977), p. 34.
- 23 Brian Davey, The Economic Development of India, p. 120.
- 24 The notion of the "Soft State" has been put forward by Myrdal in the Asian Drama.
- 25 This idea has been developed by Weisskopf in "The Persistence of Poverty in India", op. cit. It also forms the theme of Frankel's work on India's Political Economy cited above.



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